

## Summary

of key messages from June 25, 2008 workshop on  
“Enabling Private Sector Delivery of Public Services: PPP in e-Government projects”  
Prepared by Lynne Gallagher, Telecom/Telematique Inc. (event knowledge partner)

### **Andi Dervishi, IFC**

- ✓ More than 230 various government services are now being provided by private companies
- ✓ Citizens want to get better, faster services through multiple channels that the private companies are able to offer
- ✓ Governments can't keep up with technology developments due to various reasons, but private companies can
- ✓ PPP projects should not be paralyzed because of the privacy concerns – the insurance companies (that are private entities) possess much greater amount of the private data and it is acceptable to the consumers/citizens
- ✓ Outsourcing of the tax collection to the private party is feared. At the same time, we have other vital services such as telecom for example, operated by the private party. Imagine what would happen if communications in the country went down for 24 hours – and we still do it. Why not tax collection?
- ✓ PPP projects should be designed in a way so that all parties benefit. Build in a mechanism for re-negotiation of the terms after certain period of time in case government becomes uncomfortable about how much private partner is making.
- ✓ The governments should not try to include every detail in the procurement documents (such as the number and types of the computers) as this has failed in the past. They need to define Service Level Agreements and hold PPP responsible. Governments should not dictate how the PP should do the job but must clearly define what needs to be done.
- ✓ Go for the low hanging fruit first – for the initiatives that are transaction based and will start bringing in income soon.

### **Presentation by Hrishikesh Potey, Senior Business Analyst, Evalueserve**

- ✓ Think of the innovative approaches? When there is no fee for a service, private partner can be offered to use the resources of the government instead and provide its own services through the centers.
- ✓ Government involvement should be from a planning as well as regulatory and enforcement point of view.
- ✓ Technology is only a vehicle, follow customer-focused approach refined through citizen satisfaction survey

- ✓ Private Sector will have to run a business venture, make money and share revenue with the government.

#### **Presentation by Patricia Baquero, Senior Procurement Specialist, WB**

- ✓ In two stage bid process, the bidding document may be amended after clarification of technical proposals with bidders
- ✓ Under certain country systems (but not under Bank-financed projects) a private partner may present unsolicited proposals – if project is in public interest, the government may invite the bidder to submit an official proposals. Upon examination of proposal, the government may apply the procedure known as "Swiss challenge" (under which a competitor offering a lower-priced proposal gets award if not matched by original proponent) or engage in competitive selection granting incentives (i.e., extra evaluation credit or reimbursement of proposal preparation cost) to original proponent (when project is possible without involving proprietary rights) or invite comparable proposals on the basis of original proposal's essential output elements.
- ✓ No WB standard/sample bidding documents are available for lease, concession contracts or other types of PPP arrangements

#### **R. Chandrashekar, Additional Secretary (e-Government), DIT, Government of India**

- ✓ Governments' risks are associated with change management
- ✓ Private Sector risks are associated with the technology risks and in fact they are better equipped to coop with them.
- ✓ Governments' HR is a huge issue. PPP arrangement could leverage IT potential of the country.
- ✓ Customer relationships concepts are becoming more valuable, the private sector is better equipped with this set of skills that government could leverage
- ✓ Downside is that the time and effort invested in the development of the PPP arrangement could be huge
- ✓ Governments should be careful and not get locked into vendor's technology
- ✓ Integration of the obsolete systems with the new ones developed under PPP is always a challenge
- ✓ SLAs become most important

#### **Vivek Chaudhry, Senior RM Officer, World Bank**

- ✓ infoDev is producing a Knowledge Map and Handbook on e-Government that captures lessons learned and shares good practices and experiences that can be replicated or applied while

undertaking a PPP initiative in e-Government. The Knowledge Map and Handbook will be available soon.

- ✓ While the KM answers the questions of “why”, “what”, and “where”, the Handbook is designed as a guide on “how” to implement PPP projects in e-Government.
- ✓ Another element is the significance of policies, people, and processes as instruments for e-Government initiatives in a country.

#### **Presentation by Dean Merrill of AMS/CGI**

- ✓ CGI was brought in due to severe budget constraints of the VA gov. The private partner was used to fund the development of 20 applications (back and front office)
- ✓ The Methodology for calculating incremental revenue was finalized during contract negotiations. However the specific programs and due diligence for executing initiatives that would generate increased revenue were not finalized until after the contract was signed. These detailed efforts were projected as part of the Statement of Work for the program
- ✓ Legislation Authorizing Revenue Sharing to Fund Technological enhancements was adopted in 1996, two years before the contract was signed.
- ✓ It took nine months to negotiate the contract, including the baseline of the annual growth rate
- ✓ 11 initiatives were implemented including Amnesty program that brought in additional 96 mln. Dollars collected
- ✓ Good practices are out there, Virginia is not the first state to bring in the private partner for tax collection. There are examples in California, Missouri, Hawaii and Kansas.
- ✓ In many cases it was impossible to tell who is with VATAX and who is with CGI – seamless partnership was important for project’s success
- ✓ It was important to achieve quick wins, go for low hanging fruit

#### **Presentation by Don Staples, VATAX**

- ✓ Entered into one, comprehensive contract with CGI in July 1998.
- ✓ Be prepared to work with changes in leadership and philosophy. In Virginia’s case, the project extended under three governors.
- ✓ The last large system implemented under the project was the replacement of our main Legacy system. This transition occurred over a weekend in the summer of 2005.
- ✓ The cost of the project was US\$ 171 million, including US\$1.1 million in interest costs. At the start of the project, it was estimated that the interest cost would approach US\$ 17.6 million. The actual interest cost of US\$ 1.1 million was much lower than anticipated largely due the early implementation of revenue initiatives and our ability to sustain a consistent stream of revenue benefits sufficient to cover the project’s on-going costs.
- ✓ In addition to VATAX and CGI agreeing on the benefits measurement methodology, a state oversight board had to give their approval. And at least annually, state auditors would review the process to ensure compliance with the legislative and contractual requirements.

- ✓ Because the balance in the repayment fund reached the necessary level to cover outstanding contract costs earlier than expected, the parties were able to stop measuring and setting aside revenue in June 2004, prior to the project completion.
- ✓ Important to train technical and business users how to operate and maintain the new systems.
- ✓ In implementing such a large scale project, consider the infrastructure (network, work areas, meeting rooms, parking, etc.) that will be needed to support the contractor and other additional staff, as well as the different work cultures between the government and contractor, including work schedules and holidays.